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SUBJECT: JORDAN'S UNUSED INDUSTRIAL CAPACITY

REF: A. TEL AVIV 5395

[B](#). WERTHEIMER - D LETTER OF 21 OCTOBER 2002

[C](#). WERTHEIMER - NSA RICE LETTER OF 20 OCTOBER 2002

[1](#)1. (u) Summary: We have been following with interest attempts by Israeli industrialist Stef Wertheimer to secure support for a new industrial park (or parks) in Jordan. While there does not seem to be a need for new industrial parks in Jordan given a current glut of unused industrial infrastructure, there are aspects of the ideas that might fit in well with growth plans in existing industrial parks in Jordan, including in Aqaba. We would welcome the opportunity to discuss these plans with Mr. Wertheimer. End summary.

[1](#)2. (u) We have heard for several months about Israeli industrialist Stef Wertheimer's interest in new industrial development schemes for Jordan in support of building economic ties between Israel and Jordan. While Ref A expanded on some of these plans, we have not yet seen the details of the plans or talked directly with Mr. Wertheimer, so it is difficult to gauge the suitability of his plans to Jordan's current investment environment. However, we thought it would be useful to outline the lay of the land regarding Jordan's industrial infrastructure.

[1](#)3. (u) Land already allocated or earmarked for industrial use in Jordan is massively underutilized. The USAID-funded AMIR project undertook a study in April 2002 to detail market demand in government-owned industrial estates in Irbid, Amman and Aqaba. Among the report's findings was a projection that existing and planned infrastructure was sufficient to meet all new demand for space from potential investors through at least 2007. The study, undertaken at the behest of the GOJ, recommended that no further industrial estates be developed.

[1](#)4. (u) A similar study undertaken by a private-sector QIZ developer discovered that, in the ten currently approved QIZ sites, 5.5% of aggregate available space is occupied, leaving 94.5% (or roughly 4,000 acres) available for development. Most of this land is in parks for which industrial infrastructure is already in place, including Al Hassan in Irbid, Al Dulayl in Zarqa, Al Tajammouat in Amman, Hussein bin Abdullah City in Kerak, the Gateway QIZ in the Jordan Valley, and the Aqaba International Industrial Estate. This study was undertaken at the developer's own initiative, to argue against the GOJ approving additional QIZ designations for undeveloped land, and thus should not be viewed uncritically. That said, the numbers track closely with anecdotal evidence - for instance, there are only two factories operating in the massive Kerak QIZ and in the even larger Cybercity project in Irbid, and Al Dulayl estimates 84% of its own land is still available for investment.

[1](#)5. (u) The land that has been allocated/occupied is already well developed from an industrial infrastructure standpoint. Government-owned parks in Sahab and Kerak are fully served with roads, electricity, water, sewage, communications, firefighting/civil defense, banks, etc. Private sector-owned parks in Al Dulayl and Al Tajammouat are similarly fully developed, and private-sector parks at the Gateway site, in Aqaba, and in Irbid's Cybercity development are further outfitted for ITC-type businesses. The Aqaba site in particular benefits from the services of a development management team from Parsons-Brinkerhoff, and is supplemented by support in the Aqaba Special Economic Zone from master developer Bechtel.

[1](#)6. (u) Viewed in this context, proposals for building new industrial parks in Jordan would not seem useful from the Jordanian perspective. However, developers would probably welcome additional investment in existing parks. Part of the Wertheimer proposal as outlined refs a and b included training centers for hi-tech jobs and continuing education for local workers. These sorts of schemes would probably be very well received by existing industrial parks, particularly those like Gateway and Cybercity that hope to focus on innovative, creative business development like that promoted by Wertheimer. In addition, Wertheimer's stated ability to bring major multinationals into the picture would be welcomed by all current industrial park managers. Thus JV partnerships, fee-for-training schemes, or similar arrangements seem more appropriate investments of capital and expertise than building new parks out of whole cloth, given

the current glut of unused industrial infrastructure in Jordan. The Mission would welcome the opportunity to discuss such options, including in the Aqaba International Industrial Estate, with Mr. Wertheimer or his representatives at his/their convenience.

GNEHM